

D18A18
Governor's Office for Children

Operating Budget Data

	(\$ in Thousands)				
	FY 08	FY 09	FY 10	FY 09-10	% Change
	<u>Actual</u>	<u>Working</u>	<u>Allowance</u>	<u>Change</u>	<u>Prior Year</u>
General Fund	\$1,321	\$1,879	\$1,839	-\$40	-2.1%
Contingent & Back of Bill Reductions	0	0	-43	-43	
Adjusted General Fund	\$1,321	\$1,879	\$1,796	-\$83	-4.4%
Federal Fund	782	1,042	1,042	0	
Adjusted Federal Fund	\$782	\$1,042	\$1,042	\$0	0.0%
Reimbursable Fund	366	0	0	0	
Adjusted Reimbursable Fund	\$366	\$0	\$0	\$0	
Adjusted Grand Total	\$2,469	\$2,921	\$2,838	-\$83	-2.8%

- The fiscal 2010 allowance for the Governor's Office for Children (GOC) declines by \$83,000 from the fiscal 2009 working appropriation representing a 2.8% decrease. Budget savings result from the elimination of two vacant positions and general cost savings measures throughout the budget.

Personnel Data

	FY 08	FY 09	FY 10	FY 09-10
	<u>Actual</u>	<u>Working</u>	<u>Allowance</u>	<u>Change</u>
Regular Positions	21.50	20.50	19.50	-1.00
Contractual FTEs	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Personnel	21.50	20.50	19.50	-1.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	0.59	3.00%
Positions and Percentage Vacant as of 12/31/08	1.50	7.32%

- Regular positions decrease by one in the fiscal 2010 allowance. One additional vacant position is abolished as part of the across-the-board vacant position reduction set forth in Section 18 of the budget bill.

Note: Numbers may not sum to total due to rounding.

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Analysis in Brief

Major Trends

GOC shares in the goals, objectives, and performance measures of R00A04.01, Children’s Cabinet Interagency Fund.

Recommended Actions

1. Add section abolishing the Governor’s Office for Children and requiring a report on the transfer of functions.

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Operating Budget Analysis

Program Description

The Governor's Office for Children (GOC) promotes the State's vision for a stable, safe, and healthy environment for children and families. GOC conducts work needed to accomplish the Three-year Children's Plan including interagency policies to carry out the plan and efficient interagency use of federal and State funds. GOC also facilitates the work of the Maryland Children's Cabinet and promotes child well-being by:

- using results and indicators in planning, decisionmaking, and evaluation;
- partnering with the Local Management Boards (LMBs);
- advancing integrated systems of care;
- using data and technology to continuously measure and evaluate outcomes; and
- ensuring fiscal accountability.

The key goals of GOC are to:

- partner with LMBs and other State and local stakeholders to increase the capacity of communities to meet the specific needs of their jurisdictions' children and families;
- use data and technology to continuously monitor and evaluate outcomes;
- improve fiscal efficiency and accountability of programs that serve children and families, particularly those funded through the Children's Cabinet Interagency Fund; and
- provide support and assistance to the Children's Cabinet, the Children's Cabinet Results Team, the Resource Development and Licensing Committee, the State Coordinating Council, and other interagency committees.

Performance Analysis: Managing for Results

GOC shares in the goals, objectives, and performance measures of R00A04.01, Children’s Cabinet Interagency Fund.

Fiscal 2009 Actions

Impact of Cost Containment

The Board of Public Works approved cost containment reductions for GOC totaling \$130,903. The reduction comprises:

- salary savings resulting from downgrading vacant positions and holding positions vacant (\$90,046);
- supplanting of funding for health insurance subsidies with nonbudgeted funds (\$8,407);
- removal of Other Post Employment Benefits (OPEB) funding (\$30,980); and
- a reduction in out-of-state travel (\$1,470.)

Proposed Budget

The fiscal 2010 allowance for GOC decreases by \$83,000 compared to the fiscal 2009 working appropriation. **Exhibit 1** shows the major changes occurring in the budget. Increases in personnel expenses, related to decreased turnover and increased health and retirement costs, are offset by the abolition of two vacant positions and position downgrades prior to filling vacant positions. Data processing expenses related to maintaining the office’s computer network increase as a result of contracting with another State agency for this effort. This increase is offset by the abolition of the position which had been devoted to this activity when GOC maintained its network in-house.

Impact of Cost Containment

The elimination of an administrative position and an as yet to be determined vacant position will require GOC to spread its workload among remaining staff.

Exhibit 1
Proposed Budget
Governor’s Office for Children
(\$ in Thousands)

How Much It Grows:	<u>General</u> <u>Fund</u>	<u>Federal</u> <u>Fund</u>	<u>Reimb.</u> <u>Fund</u>	<u>Total</u>
2009 Working Appropriation	\$1,879	\$1,042		\$2,921
2010 Allowance	<u>1,839</u>	<u>1,042</u>		<u>2,881</u>
Amount Change	-\$40	\$0		-\$40
Percent Change	-2.1%			-1.4%
 Contingent Reductions	 -\$43	 \$0	 \$0	 -\$43
Adjusted Change	-\$83	\$0	\$0	-\$83
Adjusted Percent Change	-4.4%	0.0%		-2.8%

Where It Goes:

Personnel Expenses

Decreased turnover	\$78
Employee and retiree health insurance	21
Retirement contributions	11
Deletion of Other Post Employment Benefits funding	-5
Elimination of deferred compensation match contingent on legislation	-9
Salary savings resulting from downgrading positions before filling	-46
Abolished administrative aide III and unspecified vacant position	-83
Other fringe benefit adjustments	-1

Other Changes

Data processing – network maintenance	24
Office supplies	-1
Software licenses	-4
Telecommunications.....	-5
Printing/reproduction.....	-7
Replacement data processing equipment.....	-13
Rent.....	-42

Other	-1
Total	-\$83

Note: Numbers may not sum to total due to rounding.

Recommended Actions

1. Add the following section:

SECTION XX. AND BE IT FURTHER ENACTED, That 9.5 full-time equivalent regular positions and \$995,503 in general funds shall be deleted from the budget for the Governor’s Office for Children (D18A18.01). It is the intent of the General Assembly that the Governor’s Office for Children be abolished as a cost saving measure and the functions of the office assumed by other units of State government. Authorization is hereby given for the transfer of remaining funds and positions to other units of State government by budget amendment.

Further provided that by July 1, 2009, the Department of Budget and Management shall report to the budget committees on the transfers made pursuant to abolishing the office. The report shall indicate the functions transferred, the agency or agencies to which the functions were transferred, the agency or agencies receiving positions or funding as a result of abolishing the office, and any functions currently performed by the office that are to be discontinued.

Explanation: As a cost savings measure, the Governor’s Office for Children (GOC), which acts as a coordinating body for the State’s child-serving agencies, is to be abolished. The reduction leaves \$800,000 in general funds, 9 full-time equivalent positions, and federal grant funds which may be transferred to other agencies to assist in the assumption of duties previously performed by GOC. The Department of Budget and Management (DBM) is required to report to the budget committees on the functions, positions, and funding transferred and to also indicate if any functions currently handled by GOC are to be discontinued rather than assumed by other agencies.

Information Request	Author	Due Date
Report on the transfer of GOC functions, positions, and funding to other agencies	DBM	July 1, 2009

Current and Prior Year Budgets

Current and Prior Year Budgets Governor’s Office for Children (\$ in Thousands)

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2008					
Legislative Appropriation	\$1,541	\$0	\$1,048	\$366	\$2,955
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	25	0	0	0	25
Cost Containment	0	0	0	0	0
Reversions and Cancellations	-245	0	-266	0	-512
Actual Expenditures	\$1,321	\$0	\$782	\$366	\$2,469
Fiscal 2009					
Legislative Appropriation	\$1,980	\$0	\$1,042	\$0	\$3,022
Cost Containment	-131	0	0	0	-131
Budget Amendments	30	0	0	0	30
Working Appropriation	\$1,879	\$0	\$1,042	\$0	\$2,921

Note: Numbers may not sum to total due to rounding.

Fiscal 2008

The fiscal 2008 budget for GOC closed out \$486,667 lower than the legislative appropriation. General funds decreased by \$220,352 comprising an increase of \$24,906 for a general salary increase offset by a reversion of \$245,258 resulting primarily from salary savings due to the hiring freeze. Federal funds of \$266,244 were cancelled because the appropriation reflected the full amount of a new federal fund while spending is to be spread over fiscal 2009 and 2010. Reimbursable funds decreased by \$71,000 representing general administrative savings.

Fiscal 2009

The fiscal 2009 working appropriation for GOC is \$100,961 lower than the legislative appropriation. The change comprises a general fund increase of \$29,942 for a general salary increase offset by general fund cost containment reductions totaling \$130,903. The cost containment comprises:

- salary savings resulting from downgrading vacant positions and holding positions vacant (\$90,046);
- supplanting of funding for health insurance subsidies with nonbudgeted funds (\$8,407);
- removal of OPEB funding (\$30,980); and
- a reduction in out-of-state travel (\$1,470.)

**Object/Fund Difference Report
Governor's Office for Children**

<u>Object/Fund</u>	<u>FY 08 Actual</u>	<u>FY 09 Working Appropriation</u>	<u>FY 10 Allowance</u>	<u>FY 09 – FY 10 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	21.50	20.50	19.50	-1.00	-4.9%
Total Positions	21.50	20.50	19.50	-1.00	-4.9%
Objects					
01 Salaries and Wages	\$ 1,450,920	\$ 1,661,569	\$ 1,671,265	\$ 9,696	0.6%
03 Communication	53,020	55,904	51,052	-4,852	-8.7%
04 Travel	36,892	28,969	28,500	-469	-1.6%
07 Motor Vehicles	934	4,272	2,905	-1,367	-32.0%
08 Contractual Services	100,679	50,669	63,701	13,032	25.7%
09 Supplies and Materials	9,244	14,250	12,853	-1,397	-9.8%
10 Equipment – Replacement	28,590	18,900	6,000	-12,900	-68.3%
11 Equipment – Additional	4,065	0	0	0	0.0%
12 Grants, Subsidies, and Contributions	781,778	1,042,088	1,042,088	0	0%
13 Fixed Charges	2,660	44,189	2,410	-41,779	-94.5%
Total Objects	\$ 2,468,782	\$ 2,920,810	\$ 2,880,774	-\$ 40,036	-1.4%
Funds					
01 General Fund	\$ 1,321,097	\$ 1,878,722	\$ 1,838,686	-\$ 40,036	-2.1%
05 Federal Fund	781,778	1,042,088	1,042,088	0	0%
09 Reimbursable Fund	365,907	0	0	0	0.0%
Total Funds	\$ 2,468,782	\$ 2,920,810	\$ 2,880,774	-\$ 40,036	-1.4%

Note: The fiscal 2009 appropriation does not include deficiencies. The fiscal 2010 allowance does not include contingent reductions.